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Vietnam

OILSEEDS

Annual Report

Approved By:

Valerie Ralph

Prepared By:

Nguyen Thi Huong

Report Highlights:

Vietnam's soybean production continues to fall below expectations as high production costs, low yields and lack of commercial crushing capabilities retard growth. Soybean imports increased 161% in 2008 as import tariff were reduced to zero and demand from the food processing sector soared. Soybean meal imports experienced a small decline in 2008 as credit tightened due to the global financial crisis. Imports should increase in 2009, however, as demand is strong and the financial situation continues to improve. Vegetable oil imports rose significantly in 2008 as tariff was reduced and demand continued to increase. Oil imports should continue to increase in 2009.

Executive Summary:

Vietnam's primary oilseed crops are soybeans, peanut, sesame, copra, sunflower and rice bran. Current output levels fall well below demand, which is largely from the livestock and aquaculture sectors as well as the vegetable oil industry. Vietnam has plans to expand production areas for these crops, but it is doubtful output will increase much as input costs are high, yields are low, and Vietnam's continued lack of commercial crushing capabilities remains

a disincentive to increase output.

Imports of soybeans and soybean meal have risen significantly over the last two or three years in response to much lower tariff rates and increased demand from the food processing, livestock and aquaculture feed sectors. Upon entry into WTO in 2007, Vietnam reduced import tariffs to 5%, with subsequent reductions to zero in 2008 for both soybean and soybean meal. Vietnam imported 139 tmt of soybeans in 2008, a 161% increase over the previous year. Soybean meal imports increased 55% in 2007 and even with a decline of just over 3% in 2008, imports still totaled 2,461 tmt. Soybean and soybean meal imports should continue to increase in 2009 as demand remains strong, though it may be tempered by the availability of credit as a result of the global financial crisis.

Vegetable oil (crude and refined) imports for 2008 were an estimated 711 tmt, about 30 percent more than in 2007, spurred on by both lower tariffs and stronger demand from the oil processing and food manufacturing sectors. Vietnam imports mainly palm and soy oils from Malaysia, Indonesia and Singapore. Imports should continue to grow in 2009 in the face of continued strong demand.

Commodities:

Oilseed, Soybean
Select

Production:

Vietnam's soybean production continues to be small and falls far short of its needs. Local soybean production in 2008 was 268.4 thousand metric tons (tmt), which is almost 3 percent less than the previous year. Low yields and minimal expansion in the growing area are major contributing factors. The 2009 crop is expected to increase to 273 tmt in response to efforts to expand the growing area and improve yields. (Table 1 & PSD table 13)

Table 1: Soybean production, 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009 est.
Crop area (thousand ha – tha)	158.6	165.6	183.8	204.1	185.6	190.1	191.7	195
Crop yield (mt/ha)	1.27	1.33	1.34	1.43	1.39	1.45	1.40	1.45
Total production (tmt)	201	219.7	245.9	292.7	258.1	275.5	268.4	273

Source: General Statistics Office (GSO) and MARD

The Ministry of Agriculture and Rural Development (MARD) has expansion targets for the growing area set at 220 tha, with output increasing to 325 tmt by 2010. Production acreage is expected to expand to 300 tha by 2015 for an output of 500 tmt, and ultimately to 350 tha by 2020 with a production level of 650 tmt. It is doubtful these targets will be

achieved, especially given prevailing low yields, high production costs, lack of commercial crushing capabilities and more competitively priced imports. Locally produced grade one soybeans (food grade) currently retails for VND 8,400 - 8,800/kg (\$480-\$503/mt) while imported U.S. food grade soybean is quoted at \$430-\$440/mt CFR Haiphong.

Vietnam grows traditional soybean varieties with low yields and high input costs. Farmers are therefore less inclined to expand their production acreage. Production of GM soybeans, particularly Bt varieties, could reduce input costs and lead to higher output levels. Many farmers are reportedly interested in growing Bt soybeans, but the seeds are not yet legally available in Vietnam. While Vietnam approved the legal framework for biotechnology production in 2005 (Biosafety Decree No. 212) the implementing regulations have yet to be approved even after being reported to WTO in early 2008. A revision of Biosafety Decree 212 ([VM5062](#)) is currently underway and is expected to be approved by year's end. Reportedly MARD will also soon approve its regulations to conduct field trials of biotech crops. Bt soybean is one of the four biotech crops (soybean, cotton, corn and flowers) Vietnam is interested in producing, and MARD is said to be eager to have its regulations for field trials approved so that trials may begin. Given the slowness of the approval process, it is doubtful that commercial biotech production of any of these crops will begin any time soon. The field trial period is expected to last for two years before approval for commercialization.

Consumption:

The bulk of locally produced soybeans goes into making soymilk beverages, tofu and soy sauce. Only a small portion of lower-quality full fat soybean is used for animal feed as Vietnam still has no large-scale industrial crushers. Vietnam has been exploring investment sources to help it build commercial crushing plants in different regions of the country, but no definite plans have yet been reached. The demand for soybeans in the food industry should continue to grow in 2009, and once commercial crushers are in place the huge animal and aquatic feed sectors will drive demand even further.

Trade:**Imports**

In 2007 Vietnam imported a small amount of full fat soybeans for the food and animal feed industries. However, in 2008, Vietnam's soybean imports jumped to 139 tmt, increasing 161% over the previous year, in response to strong demand and reduction in the import tariff to zero percent. With soybeans enjoying the same tariff preference as soybean meal and relatively the same price, small manufacturers could now have the full benefit of the beans for both oil and feed meal. Vietnam imports soybeans from the United States, China, Argentina, Canada, the United Arab Emirates and American Samoa. U.S soybean exports to Vietnam have enjoyed remarkable growth in only a few years, going from merely 380 metric tons in 2004 to almost 106,000 metric tons in 2008 with a parallel increase in value from \$121,000 to almost \$72 million. In 2008 U.S. soybeans accounted for over 76% of Vietnam's total soybean imports. The demand for soybeans for the food

and feed industries remains relatively strong even with the current global economic and financial downturn. Post estimates Vietnam's soybean imports for 2009 at around 150 tmt.

Table 2: Soybean imports by source

Country	2007		2008	
	Quantity (MT)	Value (thousand \$)	Quantity (MT)	Value (thousand \$)
Total Imports:	53,257	16,465	138,853	107,257
USA	23,607	8,926	105,703	71,591
China	16,318	2,630	16,348	2,676
Argentina	779	283	8,176	4,172
Canada	787	307	4,763	2,740
United Arab Emirates (UAE)	3,452	1,242	1,696	1,058
American Samoa	4,672	1,749	581	351
Uganda	1,191	420	n/a	n/a
India	1,393	412	n/a	n/a

Source: General Customs Department, Estimates from traders

Currently, grade 2 soybean is quoted at \$429 per metric ton CFR Haiphong.

Import Tariffs

- The tax rate applied to soybeans imported from countries having Most Favored Nation (MFN) status with Vietnam (effective August 5, 2008):
 - Import duty rate: 0%.
 - Vat: 5%

Production, Supply and Demand Data Statistics:

Table 13: Vietnam's Production, Supply & Demand Table for Soybeans

Oilseed, Soybean Vietnam (1000 HA)(1000 MT)	2007			2008			2009		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data
	Official	Post		Official	Post		Official	Post	
Area Planted	0		190	0		192	0		195
Area Harvested	210		190	280		192	280		195
Beginning Stocks	20		20	20		15	20		20
Production	309		276	410		268	410		273
MY Imports	74		53	110		139	120		150
MY Imp. from U.S.	4		24	5		106	5		115
MY Imp. from EU	0		0	0		0	0		0
Total Supply	403		349	540		422	550		443
MY Exports	0		0	0		0	0		0
MY Exp. to EU	0		0	0		0	0		0
Crush	0		0	0		0	0		0
Food Use Dom. Cons.	223		254	345		302	355		313

Feed Waste Dom. Cons.	160	80	175	100	175	110
Total Dom. Cons.	383	334	520	402	530	423
Ending Stocks	20	15	20	20	20	20
Total Distribution	403	349	540	422	550	443
CY Imports	74	53	110	139	120	105
CY Imp. from U.S.	4	24	5	106	5	115
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0

Source: Estimates from traders, General Customs Office, FAS estimates

Table 14: Vietnam's Soybeans Import Matrix

Country	Vietnam		
Commodity	Soybeans		
Time Period	Jan-Dec	Units:	MT
Imports for:	2007		2008
U.S.	23,607	U.S.	105,703
Others		Others	
China	16,318	China	16,348
American Samoa	4,672	Argentina	8,176
United Arab Emirates	3,452	Canada	4,763
Uganda	1,191	United Arab Emirates	1,696
India	1,393	American Samoa	581
Canada	787	Singapore	575
Argentina	779	Thailand	412
Thailand	300	Japan	257
Cambodia	215	Malaysia	141
Malaysia	180	Taiwan	128
Total for Others	29,288		33,076
Others not Listed	362		74
Grand Total	53,257		138,853

Source: Estimates from traders, General Customs Office

Commodities:

Oilseed, Peanut

Production:

Production

The Ministry of Agriculture and Rural Development (MARD) reports Vietnam's 2008 peanut production at about 531 tmt; a 4% increase over 2007, and 14.7% increase over 2006 as a result of improved yields. Current average crop yield is 2.08 metric tons per hectare. The 2009 output is expected to increase 5.3% percent to 559 tmt due to anticipated higher yield from better varieties and some expansion in acreage. (Table 3 & PSD table 15)

Primary peanut growing areas are concentrated in the north central coastal provinces of Thanh Hoa, Nghe An, Ha Tinh and also in Tay Ninh province in the southeast.

Table 3: Peanut production, 2004 - 2009

	2004	2005	2006	2007	2008	2009 est.
Crop area (thousand ha – tha)	263.7	269.9	246.7	254.6	255.4	260
Crop yield (mt/ha)	1.78	1.81	1.87	2	2.08	2.15
Total production (tmt)	469.4	489.3	462.5	510	530.5	559

Source: General Statistics Office (GSO) and MARD

Consumption:

Vietnam uses peanuts in the snack and confectionery industry for the most part, with only a very small amount being processed for household cooking oil. Per capita consumption of shelled peanut in 2008 was about at 5.83 kg., a 4.5% increase over the previous year.

Trade:

Imports

Vietnam imports a small amount of peanuts in-shell, mainly for food consumption.

Trade data indicate that in 2007 Vietnam imported 1,321 mt of in-shell peanut or the equivalent to 993 mt of shelled peanuts. Decreased demand in 2008 resulted in a 30 percent decline in imports, which totaled only 930 mt in-shell or 699 mt of shelled peanuts.

Table 4: In-shell peanut imports by source

Country	2007		2008	
	Quantity (MT)	Value (thousand \$)	Quantity (MT)	Value (thousand \$)
Total Imports:	1,321	518	930	842
China	1,116	286	506	162
Indonesia	203	231	400	656
Japan	2.4	0.7	n/a	n/a
Malaysia	n/a	n/a	24	24

Source: Estimates from Traders, General Customs Department

* Note: In-shell peanut HS code 120210

Vietnam's imports of shelled peanut are quite small and are used exclusively for snack food consumption. In 2007 only 639 mt of shelled peanuts, the equivalent of 850 mt of in-shell peanuts, were imported. Imports in 2008 declined about 5% to 610 mt or 811 mt of in-shell peanuts; about 85% was imported from India.

Table 5: Shelled peanut imports by source

Country	2007		2008	
	Quantity (MT)	Value (thousand \$)	Quantity (MT)	Value (thousand \$)
Total Imports:	639	638	610	422
India	635	626	516	315
Thailand	2.3	9	2.4	9

Indonesia	n/a	n/a	60	28
North Korea	n/a	n/a	22	38
Australia	n/a	n/a	9	28
Other countries	1.9	3	0.6	4

Source: Estimates from Traders, General Customs Department

Exports

Vietnam exports a small quantity of shelled peanuts, mainly to China, Malaysia, Indonesia, Thailand and Taiwan. In 2008, Vietnam exported about 10 tmt of shelled peanuts to Thailand as well as 2 tmt to Malaysia, about 0.8 tmt to China and 0.5 tmt to Taiwan. Total exports of shelled peanuts fell about 18.5 percent in 2008 as demand waned.

Table 6: Vietnam's peanut exports

Year	2002	2003	2004	2005	2006	2007	2008 est.	2009 est.
Shelled Peanut exports (thousand metric tons – tmt)	106.1	82.4	46	54.7	16	36.8	30	40
Converted into in-shell peanut exports (tmt) (conversion rate 1.33)	141.1	109.6	61.2	72.8	21.3	48.9	39.9	53.2

Source: General Statistics Department, estimates from traders

Import Tariffs

- The tax rate applied to peanuts imported from countries having Most Favored Nation (MFN) status with Vietnam:
 - Import duty rate: 0% for peanuts in-shell, suitable for sowing
10% for other peanuts shelled, whether or not broken
 - Vat: 5%

Production, Supply and Demand Data Statistics:

Table 15: Vietnam's Production, Supply & Demand Table for Peanuts

Oilseed, Peanut Vietnam (1000 HA)(1000 MT)	2007			2008			2009		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post
	Official	Post	Data	Official	Post	Data	Official	Post	Data
Area Planted	0		255	0		255	0		260
Area Harvested	250		255	250		255	250		260
Beginning Stocks	51		51	31		34	53		32
Production	465		510	490		531	500		559
MY Imports	9		2	4		2	4		2
MY Imp. from U.S.	0		0	0		0	0		0
MY Imp. from EU	0		0	0		0	0		0
Total Supply	525		563	525		567	557		593
MY Exports	59		49	30		40	30		53
MY Exp. to EU	0		2	0		2	0		2

Crush	155	20	165	20	175	20
Food Use Dom. Cons.	235	460	232	475	245	485
Feed Waste Dom. Cons.	45	0	45	0	45	0
Total Dom. Cons.	435	480	442	495	465	505
Ending Stocks	31	34	53	32	62	35
Total Distribution	525	563	525	567	557	593
CY Imports	9	2	4	2	4	2
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	59	49	30	40	30	53
CY Exp. to U.S.	0	0	0	0	0	0

Source: Estimates from traders, General Customs Office, FAS estimates

Table 16: Vietnam's Peanut Import Matrix

Country	Vietnam	
Commodity	Peanuts	
Time Period	Jan-Dec	Units: MT
Imports for:	2007	2008
U.S.	0.4	0.2
Others	Others	
China	1,115.5	India 686
India	845	China 506
Indonesia	203.5	Indonesia 480
Thailand	3	Korea (Democratic Peoples Republic) 30
Japan	2	Malaysia 24
Taiwan	1	Australia 11
		Thailand 3
Total for Others	2,170	1,740
Others not Listed	1	2
Grand Total	2,171.4	1,742.2

Source: Estimates from traders, General Customs Office

Commodities:

Meal, Soybean

Production:

Vietnam produces only a negligible amount of soybean meal as there are no commercial crushers. No official data is available for soybean meal production in Vietnam.

Consumption: Vietnam has a huge demand for soybean meal to supply the booming animal and aquaculture feed industries. Since Vietnam produces virtually no soybean meal, this demand is filled almost exclusively by imported soybean meal.

Trade:

Imports

Soybean meal is imported by both feed mills and trading companies. Soybean meal import has grown considerably since 2002 when total imports were 785 tmt. Vietnam imported a record 2,549 tmt of soybean meal in 2007, a 55% increase over the previous year. In 2008, soybean meal imports declined slightly (3.5%) to 2,461 tmt, partly due to credit difficulties as banks tightened or froze lending in the wake of the global economic and financial crises. It should also be noted that while soybean meal is favored for its high protein content, producers may substitute corn gluten meal and DDGS (Distillers Dried Grains) or other energy and protein components to the feed mix to offset higher input prices.

India was by far the largest single supplier of soybean meal to Vietnam in 2007 and 2008, with Argentina a distant second. India provided 71% of Vietnam's soybean meal imports in 2008, while Argentina supplied 17%. U.S. soybean meal exports to Vietnam in 2008 totaled an estimated 90 tmt, which though only a small share of the Vietnam market was 84% more than our exports in 2007. Vietnam's animal feed manufacturers like U.S. soybean meal for its high quality and protein content, but they are highly price sensitive and will often opt for cheaper Indian and Argentinean meal as well as the shorter shipping time from India. Average import prices in 2008 were \$502/mt for U.S. soybean meal; \$483/mt for Argentina's; and \$427/mt for soybean meal from India.

Table 7: Soybean meal imports by source

	2005	2006	2007	2008
Total Imports: (tmt)	1,247	1,641	2,549	2,461
India	483	922	1,563	1,751
Argentina	575	541	731	415
Brazil	42	59	42	73
USA	18.6	31	49	90
China	0.7	0.5	46	47
UAE	101	32	66	32
Malaysia	n/a	n/a	15	11
Indonesia	n/a	n/a	11	8
Taiwan	n/a	n/a	11	8
Singapore	n/a	n/a	8	4
Japan	n/a	n/a	2	6
Canada	n/a	n/a	1	5
Philippines	n/a	n/a	n/a	5

Source: Estimates from Traders, General Customs Department

Vietnam's soybean meal imports should continue to increase as demand from the growing animal feed and livestock industries as well as the huge aquaculture sector remains strong. There is also a definite trend of farmers moving away from homemade or backyard feed to commercial feed, which is seen as more nutritious. Compound feed is expected to account for up to 52 percent of Vietnam's total feed production in 2009. Post estimates Vietnam's 2009 soybean meal import at 2.6 million metric tons.

Imported soybean meal is currently going for around \$425/mt CFR Haiphong. See Table 17 below for soybean meal PS&D.

Import Tariff

- Import duty rate: 0%
- VAT: 5%

The Ministry of Agriculture and Rural Development (MARD) has solicited the government to reduce the VAT to 0% for all materials used in the animal and aquaculture feed industry so as to help reduce production cost.

1.4 OTHER OILSEEDS MEAL

Vietnam also imported other oilseed meals like rapeseed meal, colza seed meal, coconut meal, canola meal, palm nut meal and peanut meal from sources like India, Malaysia, Indonesia, Philippines, China, UAE and the United States. In 2007, Vietnam's other oilseed meal imports were 761 tmt, valued at over \$108 million. The volume of Vietnam's other oilseed meal imports declined 5.5 percent in 2008 to 719 tmt, valued at \$157 million.

Production, Supply and Demand Data Statistics:

Table 17: Vietnam's Production, Supply & Demand Table for Soybean Meal

Meal, Soybean Vietnam (1000 HA)(1000 MT)	2007			2008			2009		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post
	Official	Post	Data	Official	Post	Data	Official	Post	Data
Crush	0		0	0		0	0		0
Extr. Rate, 999.9999	0.		0.	0.		0.	0.		0.
Beginning Stocks	0		0	0		20	0		50
Production	0		0	0		0	0		0
MY Imports	2,273		2,549	2,400		2,461	2,550		2,550
MY Imp. from U.S.	30		49	30		90	30		100
MY Imp. from EU	0		0	0		0	0		0
Total Supply	2,273		2,549	2,400		2,481	2,550		2,600
MY Exports	0		0	0		0	0		0
MY Exp. to EU	0		0	0		0	0		0
Industrial Dom. Cons.	0		0	0		0	0		0
Food Use Dom. Cons.	0		0	0		0	0		0
Feed Waste Dom. Cons.	2,273		2,529	2,400		2,431	2,550		2,580
Total Dom. Cons.	2,273		2,529	2,400		2,431	2,550		2,580
Ending Stocks	0		20	0		50	0		20
Total Distribution	2,273		2,549	2,400		2,481	2,550		2,600
CY Imports	2,264		2,549	2,500		2,461	2,550		2,550

CY Imp. from U.S.	0	49	0	90	0	100
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	2,273	2,529	2,400	2,431	2,550	2,580

Source: Estimates from traders, General Customs Office, FAS estimate

Table 18: Vietnam's Soybean Meal Import Matrix

Country	Vietnam		
Commodity	Soybean meals		
Time Period	Jan-Dec	Units:	MT
Imports for:	2,007		2,008
U.S.	48,782	U.S.	90,116
Others		Others	
India	1,562,865	India	1,750,719
Argentina	731,023	Argentina	415,284
United Arab Emirates	66,408	Brazil	72,730
China	46,134	China	47,354
Brazil	41,484	United Arab Emirates	32,096
Malaysia	15,510	Malaysia	10,656
Indonesia	11,116	Taiwan	8,164
Taiwan	10,520	Indonesia	8,048
Singapore	8,383	Japan	6,233
Antigua and Barbuda	2,700	Canada	5,072
Total for Others	2,496,143		2,356,356
Others not Listed	4,496		14,117
Grand Total	2,549,421		2,460,589

Source: Estimates from traders, General Customs Office

Commodities:

Oilseed, Soybean

Production:

OILS SECTION

1.5 VEGETABLE OIL INDUSTRY

Production

The vegetable oil industry uses both domestic (mainly sesame and peanut) and imported (mainly palm and soybean) crude oils for vegetable oil production. Although Vietnam has held plans for several years to have local oilseed crops supply up to 50% of its crude oil needs, continued lack of commercial crushing capabilities have thwarted this and much of

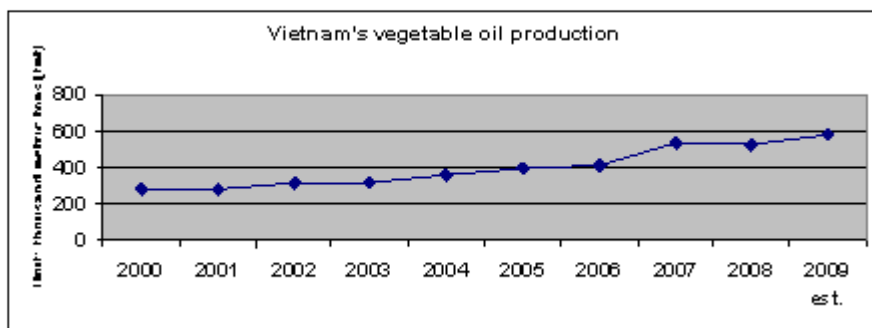
the crude oil supply is still imported. Vietnam produced about 535 tmt of edible vegetable oil in 2007, an increase of almost 29 percent over the previous year. However, output in 2008 declined 1.2% to 528.6 tmt. Local producers and traders nevertheless expect production to increase about 10 percent in 2009 to about 581 tmt as demand remains strong and credit becomes more available. About 80 percent of Vietnam's vegetable oil production is produced by the National Company for Vegetable Oils, Aromas & Domestics of Vietnam, (VOCARIMEX) a state-owned enterprise.

Table 8: Refined vegetable oil production

	2000	2001	2002	2003	2004	2005	2006	2007	2008 est.	2009 est.
Total refined vegetable oils production (tmt)	280.1	282.8	317.1	314.3	360.9	397.2	415.6	535	529	581
State-owned	82.2	101.4	130.1	158.3	164.3	168.3	192.5	n/a	n/a	n/a
Private companies	26.1	26.5	33.2	19.2	33.9	39.8	39.5	n/a	n/a	n/a
Foreign-invested firms	171.8	154.9	153.8	136.8	162.7	189.1	183.7	n/a	n/a	n/a

Source: General Statistic Office, Local producers

Graph 1: Vietnam's vegetable oil production, 2000 - 2009



Source: General Statistics Office, estimates from traders

Consumption:

Although no official per capita consumption data is available, the industry estimates current per capita vegetable oil consumption at 5.0 kg/year, with an annual increase rate of about 12-15 percent. This falls well below the World Health Organization's (WHO) annual per capita recommended level of 13.5 kg. Vietnam's total domestic consumption of soybean oil for food use was about 207 tmt in 2008; (see table 19) and for palm oil it was 500 tmt for (see table 22). Levels should increase to 220 tmt for soybean oil and 550 tmt for palm oil in 2009.

Trade:

Imports of vegetable oils

Vietnam's vegetable oil industry must rely on imported crude oil because of Vietnam's limited capacity for expelling sesame and peanuts and continued lack of industrial crushers. In 2008 Vietnam imported an estimated 711 tmt of crude and refined vegetable oils of all types, which is an increase of 29.7 percent over 2007.

Table 9: Total vegetable oil imports

Vegetable oils including refined oil and crude oil (thousand metric tons)	2005	2006	2007	2008 est.
Total imports	380	425	548	711
Of which VOCARIMEX's imports	350	390	510	520
Other companies' imports	30	35	38	191

Source: Estimates from traders

Imports of crude vegetable oil

Vietnam's total crude vegetable oil imports increased almost 20 percent over the previous year in 2008 to an estimated 328.2 tmt. Palm oil from Indonesia, Malaysia and Thailand accounted for about 61 percent of total crude vegetable oil imports. Soybean oil from Argentina, Malaysia, Thailand and China accounted for much of the remaining crude vegetable oil import. Only a tiny amount of rapeseed, sunflower and olive crude oils were imported. A reduction in the import tariff rate for crude oil from 5 to 2 percent helped spur the increase in crude vegetable oil imports, which are mainly used in the food industry with a very small amount used in the industrial and cosmetic manufacturing sectors.

Table 10: Crude vegetable oil imports

Crude vegetable oil (thousand metric tons)	2007	2008	2009 est.
Total	274.6	328.2	365.5
Crude palm oil	161	199	230
Crude Soybean oil	114	129	135
Other crude vegetable oil	0.6	0.2	0.5

Source: Estimates from traders, General Customs Department

Imports of refined vegetable oil

Vietnam's refined vegetable oil imports for 2008 increased 40 over the previous year, as demand soared, spurred on by a drop in the tariff rate from 30 to 20 percent. Palm oil accounted for about 80 percent of total refined vegetable oil. Malaysia provided about 67 percent, while Indonesia supplied 32 percent. Soybean oil accounted for 20 percent of refined vegetable oil imports in 2008 and also increased dramatically over the 2007 volume.

Table 11: Refined vegetable oil imports

Crude vegetable oil (thousand metric tons)	2007	2008	2009 est.
Total	273.7	383	435.2
Refined palm oil	272	305	350
Refined Soybean oil	1.6	78	85
Other refined vegetable oil	0.14	0.1	0.2

Source: Estimates from traders, General Customs Office

Import Tariff

- The current tax rate applied to crude and refined vegetable oils imported from countries having Most Favored Nation (MFN) status with Vietnam:

Table 12: Import tariffs for vegetable oils

	Crude Oil	Refined oil
Import duty		
for soybean oil (HS code 1507)	3%	20%
for peanut oil (HS code 1508)	2%	20%
for olive oil (HS code 1509)	2%	20%
for palm oil (HS code 1511)	2%	20%
for sunflower oil (HS code 1512)	3%	20%
For cottonseed oil (HS code 1512.21 and 1512.29)	3%	25%
for copra oil (HS code 1513)	2%	20%
for rape oil (HS code 1514.11 and 1514.19)	2%	5%
for rape oil (HS code 1514.91 and 1514.99)	2%	20%
For other vegetable oil (HS code 1515)	3%	20%

Source: Ministry of Finance

- The import tax applied to concentrated palm stearin is 20%.

Exports

Vietnam exports only a small quantity of edible oils (mainly sesame and rice bran oils) to Taiwan, Japan, China and the Middle East. Total exports for 2008 had an estimated value of \$29 million.

Production, Supply and Demand Data Statistics:

Table 19: Vietnam's Production, Supply & Demand Table for Soybean Oil

[illegible]

Total Dom. Cons.	75	110	110	80	207	207		220	220
Ending Stocks	0	5	6	0	5	6		5	6
Total Distribution	75	115	116	80	212	213		225	226
CY Imports	75	131	116	80	207	207		220	220
CY Imp. from U.S.	0	0	0	0	0	0		0	0
CY Exports	0	0	116	0	0	0		0	0
CY Exp. to U.S.	0	0	0	0	0	0		0	0

Source: Estimates from traders, General Customs Office, FAS estimate

Table 20: Vietnam's Crude Soy Oil Import Matrix

Country	Vietnam		
Commodity	Crude Soy oil		
Time Period	Jan-Dec	Units:	MT
Imports for:	2007		2008
U.S.	0	U.S.	-
Others		Others	
Argentina	66,695	Argentina	47,656
Malaysia	32,097	Malaysia	38,469
Brazil	8,006	China	27,379
Thailand	5,010	Thailand	15,076
China	1,951	Taiwan	20
United Arab Emirates	498		
Taiwan	119		
Singapore	32		
South Korea	16		
Total for Others	114,424		128,600
Others not Listed	2		-
Grand Total	114,426		128,600

Source: Estimates from traders, General Customs Office

Table 21: Vietnam's Refined Soy Oil Import Matrix

Country	Vietnam		
Commodity	Refined Soy oil		
Time Period	Jan-Dec	Units:	MT
Imports for:	2007		2008
U.S.	0	U.S.	21
Others		Others	
Malaysia	1,182	Malaysia	77,339
Singapore	397	Singapore	376
Thailand	25	Thailand	151
Japan	1	Japan	31
Taiwan	1	Taiwan	8
		South Korea	2
Total for Others	1,606		77,907
Others not Listed	1		-
Grand Total	1,607		77,928

Source: Estimates from traders, General Customs Office

Table 22: Vietnam's Production, Supply & Demand Table for Palm Oil

Oil, Palm Vietnam (1000 HA)(1000 MT)	2006		2007		2008	
	2006/2007		2007/2008		2008/2009	
	Market Year Begin: Jan 2007		Market Year Begin: Jan 2008		Market Year Begin: Jan 2009	
	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data	Annual Data Displayed	New Post Data
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	23	23	37	21	40	20
Production	0	0	0	0	0	0
MY Imports	440	433	575	504	650	580
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	463	456	612	525	690	600
MY Exports	6	5	5	5	5	7
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	420	430	567	500	640	550
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	420	430	567	500	640	550
Ending Stocks	37	21	40	20	45	43
Total Distribution	463	456	612	525	690	600
CY Imports	384	433	410	504	410	580
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0

Source: Estimates from traders, General Customs Office, FAS estimate

Table 23: Vietnam's Crude Palm Oil Import Matrix

Country	Vietnam		
Commodity	Crude Palm oil		
Time Period	Jan-Dec	Units:	MT
Imports for:	2007		2008
U.S.	0	U.S.	0
Others		Others	
Indonesia	79,710	Indonesia	130,165
Malaysia	37,972	Thailand	44,884
Thailand	43,393	Malaysia	20,219
		India	3,498
		China	40
Total for Others	161,075		198,806
Others not Listed			-

Grand Total	161,075		198,806
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Source: Estimates from traders, General Customs Office

Table 24: Vietnam's Refined Palm Oil Import Matrix

Country	Vietnam		
Commodity	Refined Palm oil		
Time Period	Jan-Dec	Units:	MT
Imports for:	2007		2008
U.S.	0	U.S.	0
Others		Others	
Malaysia	197,577	Malaysia	203,189
Indonesia	67,920	Indonesia	98,063
Japan	3,309	Japan	3,225
Singapore	1,804	Singapore	653
China	1,500	South Korea	7
Thailand	22		
South Korea	21		
Total for Others	272,174		305,137
Others not Listed			-
Grand Total	272,174		305,137

Source: Estimates from traders, General Customs Office